2025
SUPPLY CHAIN CANADA
NATIONAL CONFERENCE
CALGARY, ALBERTA

WELCOME TO

POWERING SUPPLY CHAIN INNOVATION





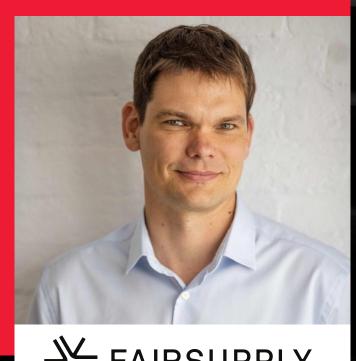
Managing tariff disruption and building resilient supply chains through proactive scenario modelling

Dr. Arne Geschke Co-Founder and CDO Fair Supply



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FAIRSUPPLY



AGENDA

- 01 Understanding tariffs
- Modelling and quantifying tariff impact
- O3 Case Study 1:
 Procuring passenger
 planes from the US

Case study 2: Importing cars made in US vs Japan into Canada

Contexutalizing tariffs within a broader risk landscape



05

04



INTRODUCTION TO FAIR SUPPLY

Fair Supply is a cloud-based business intelligence platform transforming how organizations manage risk across global supply chains. Trusted by leading enterprises, Fair Supply delivers defensible insights across modern slavery, carbon emissions (scope 1, 2 and 3), biodiversity, and tariffs. This enables companies to meet compliance standards and build resilience and transparency across their supplier networks.

Learn more at www.fairsupply.com







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UNDERSTANDING TARIFFS





WHAT ARE TARIFFS?

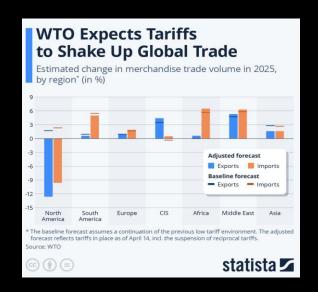
Tariffs are taxes imposed by a government on imported goods, typically calculated as a percentage of the product's value. Tariffs are **paid by the importer**.

Tariffs are designed to protect domestic industries by making imported goods more expensive, thereby encouraging consumers to buy local products.





WHY DOES THIS MATTER?









STATUS UPDATE ON 2025 TRUMP TARIFFS

Active

- 10% universal tariff (5 April)
- 25% on cars and autoparts (3 May)
- 30% on Chinese imports (13 May)
- 25% on goods from Canada and Mexico not covered in USMCA (4 March)

Exempted

- Goods from Canada and Mexico covered in the UMSCA (Exempted on 2 April)
- Smartphones, computers and electronics imported from China (Exempted on 12 April)

Paused

- Reciprocal tariffs (until 8 July)
- Higher tariffs on Chinese goods (until 12 August)

Proposed

- Pharmaceuticals
- Semiconductors
- Lumber
- Copper
- Movies produced outside the US

Source: The Guardian, 17 May 2025, https://www.theguardian.com/us-news/2025/may/17/trump-tariffs-update-active-on-hold)



DIRECT VS INDIRECT TARIFFS

Direct Tariffs

- Applied at the point of entry when a good is imported
- Paid by **importer** to customs
- Visible and usually accounted for in procurement budgets

Example: 10% tariff added to imported cleaning chemicals from the EU

Indirect Tariffs

- Embedded costs that occur deeper in the supply chain
- Paid by suppliers of suppliers (i.e. tier 2, 3 or further)
- Often unseen by the final buyer but frequently included in product prices

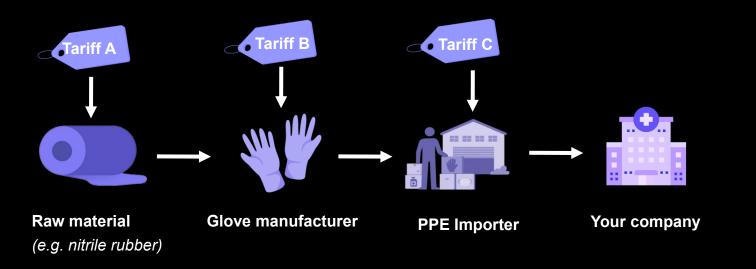
Example: Tariff on nitrile rubber used to make PPE gloves, embedded in glove cost.





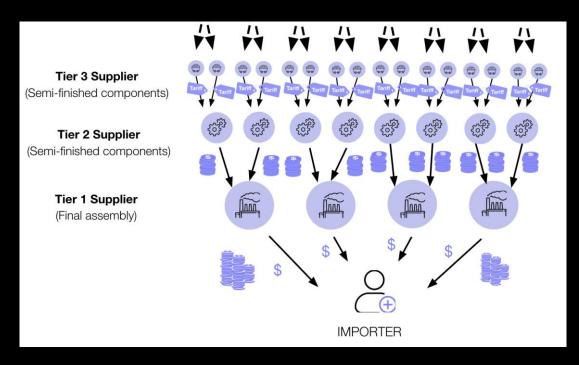
INDIRECT TARIFFS

Using the imported gloves as an example, each upstream supplier affected by tariffs passes on increased costs to the next, culminating in a **compounded** financial burden for the end buyer.





HIDDEN TARIFF COSTS IN COMPLEX SUPPLY CHAINS



Each tier in a supply chain can incur tariffs, and each might then pass these costs forward.

The final price paid by the importer includes not only direct tariffs but also **multiple embedded tariff costs** absorbed by upstream suppliers.

These are not separate line items, but are baked into supplier pricing.



02

MODELLING TARIFF SCENARIOS AND QUANTIFYING TARIFF IMPACT





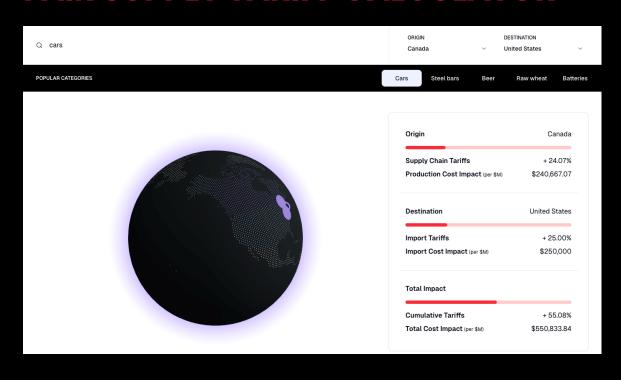
FAIR SUPPLY TARIFF CALCULATOR

On 11 April 2025, Fair Supply released a free tariff calculator that allows companies to:

- Identify direct and indirect (cascading) tariffs across all tiers of a supply chain for each product/service/category
- Use input-output modelling to trace embedded tariff costs in upstream suppliers
- Ensure they are using data drawn from up-to-date international tariff schedules to reflect countryspecific and product-specific duty rates
- Simulate sourcing scenarios and compare the tariff implications of alternative supplier locations
- Output quantitative estimates of tariff exposure by product, supplier country, and tariff line



FAIR SUPPLY TARIFF CALCULATOR



Try the tariff calculator for free!



Scan QR Code





CASE STUDY 1: PASSENGER PLANES





PROCURING PASSENGER PLANES FROM THE US (BOEING)



The United States is one of the few countries capable of producing passenger aircraft at scale.

As such, U.S.-made planes are a significant export good for many airlines worldwide.

At first glance, most countries have not introduced additional tariffs for planes bought from the United States (excluding China).

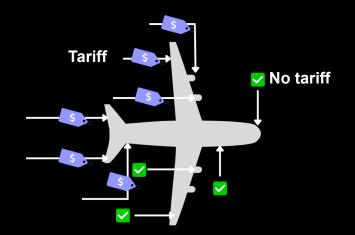


PROCURING PASSENGER PLANES FROM THE US (BOEING)

But **60% of the parts used in an aeroplane are imported into the US**, or manufactured from imported goods (e.g. high-tech avionics, specialized alloys, and complex subassemblies).

This will drive the production prices for planes up, which will be reflected in the final price for the planes.

Note: This example has full US/China tariffs in effect.



Place of manufacture	Place of purchase		
	US	China	Europe (France)
In US	21%	170%	21%
In Europe	4%	4%	4%





CASE STUDY 2: CARS

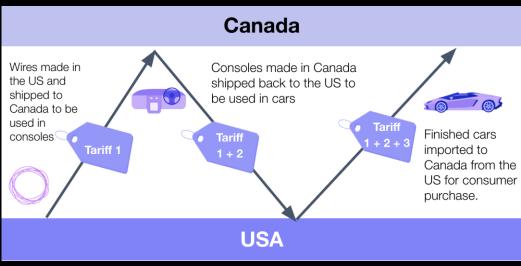




PURCHASING CARS IN CANADA MADE IN THE US VS JAPAN

In this second case study, we'll compare the end cost for consumers in Canada purchasing vehicles made in the US compared to vehicles made in Japan. US car manufacturers often source components from across the border.







CARS MADE IN THE US AND BOUGHT IN CANADA

Certain special-use and luxury vehicles are typically exempt from the USMCA (United-States-Mexico-Canada-Agreement).

The table below illustrates the impact of tariffs on production costs for vehicles manufactured in the US, as well as the corresponding increase in consumer prices in Canada. It compares the current scenario, where tariffs are temporarily suspended, to a scenario in which tariffs are fully applied.

	Current tariff situation (with temporary suspension of tariffs)	Tariffs in full effect
Production cost increase in the US	15.2%	20.5%
Consumer price increase in Canada	44.0%	50.6%



CARS MADE IN JAPAN AND BOUGHT IN CANADA

For Canadian consumers purchasing cars made in Japan, minor cost increases may still occur due to residual supply chain tariffs embedded in Japanese manufacturing inputs or tiered supplier exposure to countries with less favourable tariff arrangements, but the overall impact is less severe than the direct tariffs affecting US-made vehicles.

Nevertheless, this underscores the value of supply chain visibility and tariff scenario modelling in procurement and pricing strategy.

	Current tariff situation (with temporary suspension of tariffs)	
Production cost increase in Japan	0.34%	1.05%
Consumer price increase in Canada	0.34%	1.05%





CONTEXUALISING TARIFFS WITHIN A BROADER RISK LANDSCAPE





TARIFF SHIFTS AND ESG TRADE-OFFS: EVALUATING SUPPLIER RISK HOLISTICALLY

Your supplier announces a sharp price increase due to tariffs. You need to switch – but which option protects your business *beyond* cost alone?

Before choosing a new supplier, consider the **full risk picture**, including exposure to modern slavery, emissions, and other risks that could harm your business' reputation and operational resilience.



Supplier A (Region 1)

- High tariff exposure
- Strong worker protections
- Production process with moderate carbon intensity



Supplier B (Region 2)

- Moderate tariff exposure
- Moderate worker protections
- High carbon intensity



Supplier C (Region 3)

- Low tariff exposure
- Moderate worker protections
- Moderate carbon intensity



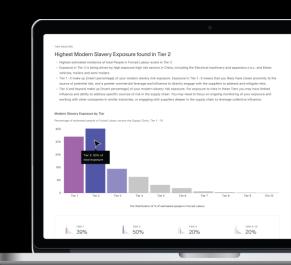
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Fair Supply Analyst is a due diligence tool that delivers instant, supplier-specific risk insights to help procurement teams make defensible sourcing decisions faster.

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THANK YOU ANY QUESTIONS?





CONNECT WITH ME

If you're exploring forced labour compliance reporting, decarbonization, or supply chain resilience and would like to see how Fair Supply can help, I look forward to connecting with you.



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